

CHEROKEE COUNTY, KANSAS

Annual Financial Report

For the year ended December 31, 2014

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the County Commission
of Cherokee County, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Cherokee County, Kansas, as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Cherokee County, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Cherokee County, Kansas as of December 31, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Cherokee County, Kansas as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

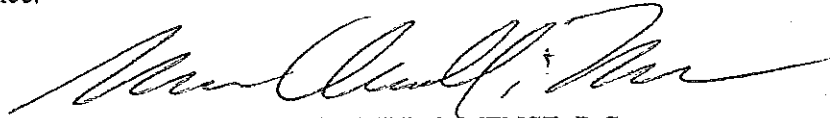
Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, agency funds schedule of regulatory basis receipts and disbursements (Schedules 1, 2 and 3 as listed in the table of contents) and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statement, however, Schedules 1, 2 and 3 are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXXXXXXX on our consideration of Cherokee County, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County, Kansas's internal control over financial reporting and compliance.



MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

Joplin, Missouri
August 31, 2015

CHEROKEE COUNTY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	\$ 1,880,921	\$ -	\$ 3,855,659	\$ 4,776,688	\$ 959,892	\$ 142,409	\$ 1,102,301
Special Purpose Funds:							
Road and Bridge	455,624	-	3,306,865	3,772,089	(9,600)	642,904	633,304
Appraisal	41,497	-	330,254	335,817	35,934	37,051	72,985
Health	1,160,074	-	703,080	690,836	1,172,318	4,472	1,176,790
Election	36,414	-	141,019	154,952	22,481	-	22,481
Noxious Weed	71,271	-	48,944	83,878	36,337	210	36,547
Extension Council	18,529	-	200,463	200,615	18,377	-	18,377
Soil Conservation	2,221	-	25,102	25,000	2,323	-	2,323
Fair	313	-	42	-	355	-	355
Emergency Medical Services	90,677	-	570,173	571,584	89,266	-	89,266
Elderly Services	30,781	-	12,791	18,407	25,165	784	25,949
Mental Health	10,132	-	111,432	111,457	10,107	-	10,107
Mental Retardation	10,245	-	111,320	111,457	10,108	-	10,108
Employee Benefits	493,892	-	3,835,407	3,460,737	868,562	2,048	870,610
Out-District Tuition Fund	1,964	-	12	-	1,976	-	1,976
Special Parks and Recreation	(7,024)	-	2,826	1,180	(5,378)	-	(5,378)
Special Alcohol	11,123	-	8,167	19,290	-	-	-
Landfill	8,436	-	1,733	10,769	(600)	600	-
Tourism and Convention Promotion	800	-	7,203	8,031	(28)	-	(28)
Law Enforcement VIN Fee	-	-	8,060	802	7,258	-	7,258
Equipment Reserve	1,291,433	-	128	516,995	774,566	4,850	779,416
Emergency Telephone Tax Combined	329,323	-	116,844	88,105	358,062	3,292	361,354
County Attorney Special Law Enforcement	629	-	-	-	629	-	629
Technology	25,494	-	20,350	14,871	30,973	12	30,985
State Line Road Project	261	-	-	-	261	-	261
Drug Tax Stamp	1,253	-	321	-	1,574	-	1,574
Special Liability	16,884	-	48	-	16,932	-	16,932
County Building	932	-	16	-	948	-	948
Special Bridge	346,413	-	161,209	75,755	431,867	10,890	442,757
Special Highway Improvement	1,264	-	-	-	1,264	-	1,264
Special Road Machinery	100	-	-	-	100	-	100
Law Library	34,486	-	11,180	8,845	36,821	-	36,821

CHEROKEE COUNTY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds: (Continued)							
Electronic Monitoring	\$ 910	\$ -	\$ -	\$ -	\$ 910	\$ -	\$ 910
Bad Check Fee	89	-	-	-	89	-	89
Drug Free Grant	4,539	-	-	-	4,539	-	4,539
Prosecuting Attorney Training	3,124	-	1,839	1,317	3,646	-	3,646
Severe Weather Equipment	22	-	-	-	22	-	22
Spider Program	8,858	-	6,085	6,027	8,916	1,550	10,466
Attorney Application Fee	2,320	-	7,435	-	9,755	-	9,755
EMPG Emergency Preparedness	500	-	-	-	500	-	500
Emergency Planning Grant	201	-	-	-	201	-	201
COPS Grant	9,897	-	15,108	-	25,005	-	25,005
NSP Grant	1,895	-	1,959	1,959	1,895	-	1,895
No Fund Warrant	-	-	903	903	-	-	-
Bond and Interest Funds:							
Bond and Interest	1,341	-	-	-	1,341	-	1,341
	\$ 6,400,058	\$ -	\$ 13,623,977	\$ 15,068,366	\$ 4,955,669	\$ 851,072	\$ 5,806,741
Related Municipal Entities							
Sewer District No. 1	103,167	-	103,502	130,610	76,059	7,709	83,768
Total Reporting Entity (Excluding Agency Funds)	\$ 6,503,225	\$ -	\$ 13,727,479	\$ 15,198,976	\$ 5,031,728	\$ 858,781	\$ 5,890,509

Composition of Cash

Cash	\$ 898
Checking Accounts	11,694,414
Certificates of Deposits	1,290,000
Investments	500,000
Total Cash	\$ 13,485,312
Agency Fund (Schedule 3)	(7,594,803)
Total Reporting Entity (Excluding Agency Funds)	\$ 5,890,509

The notes to the financial statements are an integral part of this statement.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. MUNICIPAL FINANCIAL REPORTING ENTITY

Cherokee County, Kansas (the "County") is a municipal corporation governed by an elected three member commission. This regulatory basis financial statement presents Cherokee County (the municipality) and its related municipal entities. The related entities are included in the County's reporting entity because they were established to benefit the County and/or its constituents.

1. **Sewer District No. 1.** The District is a separate entity created by state statutes. The governing body of Cherokee County, which created the district, also serves as the districts' governing body.

I.B. REGULATORY BASIS FUND TYPES

The accounts of the County are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts. The following funds are used by the County:

General Fund – the main operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Trust Fund – funds used to report assets held in trust for the benefits of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.B. REGULATORY BASIS FUND TYPES (CONTINUED)

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.)

I.C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guides* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in a regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

I.D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY INFORMATION (CONTINUED)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, trust funds, federal and state grants, permanent funds, and the following special purpose funds:

- County Building Fund
- Special Bridge Fund
- Special Liability Fund
- Special Highway Improvement Fund
- Special Machinery Fund
- Technology Fund
- County Equipment Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

I.E. ASSETS AND LIABILITIES

I.E.1. Cash and Investments

The County Treasurer pools cash and investments of various funds to facilitate management. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating needs. Cash in excess of current needs is invested in time deposits. Additional cash and investments are presented in Note III.A.

I.E.2. Compensated Absences

The County's policy regarding vacation and sick pay provide employees a maximum of four weeks vacation after 12 years of employment and sick leave accumulation at one day per month with an unlimited accumulation. Employees are paid for all unused vacation days at December 31st. No vacation days are carried forward. Sick leave is carried forward at a maximum of 720 hours at December 31st. The Employee is paid for their sick leave in excess of 720 hours at December 31st. Employees are paid for ½ of their sick leave upon termination if they retire if certain requirements are met. The total hours of sick leave accumulated at December 31, 2014 were 27,831. No estimate of the value was available.

I.F. RECEIPTS AND EXPENDITURES

I.F.1. Sales Tax

Cherokee County levies a one and one-half percent (1 ½%) sales tax on taxable sales within the County. The tax is collected by the Kansas Department of Revenue and remitted to the County. The tax is placed in the general fund to provide County services. One-half percent (1/2%) or one-third (1/3) of the sales tax collected is restricted and is to be used to retire the debt incurred to construct and furnish a law enforcement and detention facility.

I.F.2. Property Tax

Property taxes are an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable one-half on December 20th and one-half on May 10th the ensuing year. Unpaid taxes become delinquent after the due dates.

The assessed valuation of tangible property for the calendar year 2014 for purposes of taxation was \$148,096,057.

The tax levy per \$100.00 of assessed valuation of tangible property for the calendar year was \$4.85. The levy is composed of the sum of the legal tax levies for all funds with authorized levies.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

I.F. RECEIPTS AND EXPENDITURES (CONTINUED)

I.F.2. Property Tax (Continued)

The County bills and collects its own property taxes. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state Statutes.

It is not practicable to apportion taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

I.F.3. Payments by Other Governments

The State of Kansas makes payments directly to the judges and employees of the circuit courts in Cherokee County for salaries and fringe benefits. Cherokee County is not liable for these payments. The total amount of these on-behalf payments was not available and is unable to be estimated.

I.F.4. Reimbursements

Cherokee County, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures are properly offset by the reimbursements.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. COMPLIANCE WITH STATE STATUTES

Funds were not disbursed as provided for in state statutes in order to earn discounts and avoid penalties. (KSA 12-105a, 12-105b, 10-801 et seq)

The County does not maintain records of each fund's indebtedness. (KSA 10-1117)

Records are not maintained showing budget balance available for appropriation.
(KSA 79-2934)

The County does not have custodial agreements and security agreements for all depositories. (KSA 9-1405)

The Road and Bridge, Appraisal, Special Alcohol, and Landfill Fund expenditures exceeded the budget. (KSA 79-2935)

Warrants/checks outstanding for two years or more have not been cancelled and restored to the fund originally charged. (KSA 10-815)

The Special Parks and Recreation and Tourism and Convention funds incurred a deficit cash balance. (KSA 10-1113 and 10-1121)

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2014

III. DETAILED NOTES ON FUNDS AND ACCOUNTS

III. A. Deposits and Investments

As of December 31, 2014, the County had the following investments and maturities.

Investment Type	Fair Value	Cost
Financial Square Trust Treasury Obligation Fund Admin CL 469 (Mutual Fund) (Rating - Not Applicable)	\$ 500,000	\$ 500,000

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices. The rating of the County's investments is noted above.

Concentration of Credit Risk - State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County has not designated "peak periods". All deposits were legally secured at December 31, 2014.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

III. DETAILED NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

III. A. Deposits and Investments (Continued)

At December 31, 2014, the County's carrying amount of deposits was \$12,984,414 and the bank balance was \$13,108,080. Eighty-Eight percent of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$1,023,798 was covered by federal depository insurance and \$12,084,282 was covered by securities pledged by the financial institutions and held by the financial institution's agents.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

The above investments are made by and held by the Commerce Trust Company, N.A., Kansas City, Missouri, trustee for the Series 2005 Refunding Certificates of Participation.

III. A.I. Restricted Assets

The following amounts recorded in the following funds were restricted as follows at December 31, 2014:

General Fund -

Series 2005 Refunding Certificates of Participation -

Reserve Account	\$ 500,000
Jail Sales Tax	235,469
Law Enforcement Training	<u>52,181</u>
Total	<u>\$ 787,650</u>

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

IV. LONG-TERM DEBT

Changes in long-term debt for Cherokee County, Kansas for the year ended December 31, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
Certificates of Participation									
Series 2005	2.55/5.00%	4-01-2005	7,150,000	11-15-2021	\$ 4,040,000	\$ -	\$ 430,000	\$3,610,000	\$ 184,290
KDHE Loan - Sewer District No. 1	2.61%	7-26-2010	284,469	3-01-2033	267,072	-	41,625	225,447	6,681
Totals					<u>\$ 4,307,072</u>	<u>\$ -</u>	<u>\$ 471,625</u>	<u>\$3,835,447</u>	<u>\$ 190,971</u>

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

IV. LONG-TERM DEBT (CONTINUED)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year								
	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033	Total
Principal									
Certificates of Participation	\$ 445,000	\$ 465,000	\$ 485,000	\$ 510,000	\$ 535,000	\$ 1,170,000	\$ -	\$ -	\$ 3,610,000
KDHE Loan	9,620	9,873	10,132	10,399	10,672	57,714	65,704	51,333	225,447
Total Principal	\$ 454,620	\$ 474,873	\$ 495,132	\$ 520,399	\$ 545,672	\$ 1,227,714	\$ 65,704	\$ 51,333	\$ 3,835,447
Interest									
Certificates of Participation	\$ 167,520	\$ 149,943	\$ 130,877	\$ 110,750	\$ 85,250	\$ 89,000	\$ -	\$ -	\$ 733,340
KDHE Loan	5,822	5,569	5,310	5,043	4,770	19,497	11,507	2,714	60,232
Total Interest	\$ 173,342	\$ 155,512	\$ 136,187	\$ 115,793	\$ 90,020	\$ 108,497	\$ 11,507	\$ 2,714	\$ 793,572
Total Principal and Interest	\$ 627,962	\$ 630,385	\$ 631,319	\$ 636,192	\$ 635,692	\$ 1,336,211	\$ 77,211	\$ 54,047	\$ 4,629,019

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

V. CHANGES IN CASH/UNENCUMBERED BALANCES

The beginning unencumbered cash balance on the summary statement of receipts, expenditures and unencumbered cash – regulatory basis, differs from the ending balance the prior year due to reclassification of Special Purpose and Agency Funds.

VI. TRANSFERS

Fund	From	To
General	\$ 1,733	\$ 460,903
No-Fund Warrant	903	-
Equipment Reserve	460,000	-
Landfill	-	1,733

Transfers were made from the General Fund to Landfill Fund to pay Landfill expenditures. Transfer from No-Fund Warrant Fund to General Fund to close a tax levy fund. (K.S.A. 79-2958). Transfer from Equipment Reserve to General to retransfer money not needed to the fund from which it was originally transferred. (K.S.A. 19-119).

VII. PENSION PLAN

Plan description

Cherokee County, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2014

VII. PENSION PLAN (CONTINUED)

Funding Policy (Continued)

Funding Policy

K.S.A. 74-419 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer rate established by statutes for calendar year 2014 is 9.69%. For municipalities that hire a KPERS retiree who retires from a different KPERS employer, the employer rate is 13.77% for the period of January 1, 2014 to December 31, 2014 and the waiting period is 60 days. Included in this rate is the contribution for Group Death and Disability Insurance of .85%.

Cherokee County, Kansas employer contributions to KPERS for the years ending December 31, 2012, 2013 and 2014 were \$347,214, \$374,897, and \$416,624, respectively, equal to the required contributions for each year as set forth by the legislature.

VIII. RISK MANAGEMENT

Cherokee County, Kansas is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been unable to obtain general liability insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the state to participate in the Kansas County Association Multi-Line Pool (KCAMP) and the Kansas Workers' Risk Cooperative for Counties (KWORC), public entity risk pools currently operating as common risk management and insurance programs for participating members.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2014

VIII. RISK MANAGEMENT (CONTINUED)

The County pays an annual premium to KCAMP for its general insurance coverage. The agreement for formation of the Kansas County Association Multi-Line Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of stated amounts for each insured event. The County also participates in the Kansas Workers' Risk Cooperative for Counties (KWORC), a public entity risk pool which generates as a common risk management and insurance program for members. The County pays an annual premium to KWORC for workers' compensation coverage. Additional premiums maybe due if total claims for the pools are different than what have been anticipated by KCAMP and KWORC management.

The County continues to carry commercial insurance for all other risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

IX. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

X. SELF-INSURANCE PROGRAM

Cherokee County, Kansas has a self-insured health plan for all its employees. Cherokee County, Kansas has purchased stop-loss insurance in order to limit its exposure, which will reimburse Cherokee County, Kansas for individual claims in excess of \$35,000 annually or aggregate claims exceeding \$1,000,000 annually.

XI. LITIGATION

The County is party to various legal proceedings which normally occur in governmental operations. While the outcome of such proceedings cannot be predicted, due to insurance maintained by the County, the County feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the County.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2014

XII. GRANT PROGRAM INVOLVEMENT

In the normal course of operations, the County participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

XIII. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through Xxxxxxx, the date the financial statements were available to be issued.

On March 17, 2015, Cherokee County, Kansas issued \$3,351,700 Refunding Certificates of Participation, Series 2015 to advance refund the Series 2005, Refunding Certificates of Participation. The Series 2015 COPs have an interest rate of 2.50% and a final maturity date of December 1, 2020.

CHEROKEE COUNTY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General Funds:					
General	\$ 5,712,754	\$ 50,833	\$ 5,763,587	\$ 4,776,688	\$ (986,899)
Special Purpose Funds:					
Road and Bridge	3,650,000	-	3,650,000	3,772,089	122,089
Appraisal	330,000	-	330,000	335,817	5,817
Health	999,600	455,480	1,455,080	690,836	(764,244)
Election	156,950	-	156,950	154,952	(1,998)
Noxious Weed	66,333	19,694	86,027	83,878	(2,149)
Extension Council	200,615	-	200,615	200,615	-
Conservation District	25,000	-	25,000	25,000	-
Fair	287	-	287	-	(287)
Emergency Medical Services	571,584	-	571,584	571,584	-
Elderly Services	30,000	-	30,000	18,407	(11,593)
Mental Health	111,457	-	111,457	111,457	-
Mental Retardation	111,457	-	111,457	111,457	-
Employee Benefits	3,517,387	-	3,517,387	3,460,737	(56,650)
Special Parks and Recreation	6,574	-	6,574	1,180	(5,394)
Special Alcohol	13,629	-	13,629	19,290	5,661
Landfill	4,420	-	4,420	10,769	6,349
Tourism and Promotion	10,800	-	10,800	8,031	(2,769)
Emergency Telephone Tax Combined	358,535	-	358,535	88,105	(270,430)
County Attorney Training Fund	629	-	629	-	(629)
Prosecuting Attorney Training Fund	4,223	-	4,223	1,317	(2,906)
No Fund Warrant	12,876	-	12,876	903	(11,973)
Bond and Interest Funds:					
Bond and Interest	1,341	-	1,341	-	(1,341)
Related Municipal Entities:					
Sewer District No. 1	140,248	-	140,248	130,610	(9,638)

CHEROKEE COUNTY, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 141,839	\$ 139,883	\$ 1,956
Delinquent Tax	47,264	52,000	(4,736)
Motor Vehicle Tax	191,421	141,529	49,892
16/20 M Vehicle Tax	11,724	1,681	10,043
Recreational Vehicle Tax	2,222	7,630	(5,408)
Sales and Use Tax	2,005,907	1,987,300	18,607
Charges for Services	124,039	-	124,039
In Lieu of Taxes	108,897	184,865	(75,968)
Local Alcoholic Liquor Fund	2,826	3,839	(1,013)
Licenses, Permits and Fees	263,598	308,250	(44,652)
Interest	126,113	135,000	(8,887)
Inmate Housing	254,490	250,000	4,490
Vehicle Identification Number Fees	9,380	-	9,380
Grants	35,558	-	35,558
Donations	15,275	-	15,275
Other	47,903	75,000	(27,097)
Rents	6,300	6,000	300
Operating Transfers	460,903	14,217	446,686
Total Receipts	\$ 3,855,659	\$ 3,307,194	\$ 548,465
Expenditures			
Commission	\$ 88,248	\$ 95,000	\$ (6,752)
County Counselor	27,149	31,016	(3,867)
Clerk	121,078	123,000	(1,922)
Treasurer	131,248	134,000	(2,752)
Attorney	211,738	248,600	(36,862)
Register of Deeds	85,253	93,260	(8,007)
Sheriff	1,168,452	1,071,953	96,499
District Court	229,451	266,800	(37,349)
Courthouse	488,916	450,000	38,916
Emergency Preparedness	103,082	82,300	20,782
Human Resources	39,470	41,070	(1,600)
Economic Development	167,912	525,000	(357,088)
Planning Commission	-	10,000	(10,000)
Recreation	7,875	11,000	(3,125)
Jail	969,237	884,100	85,137
Data Processing	48,181	40,709	7,472
Jury Costs	7,753	9,693	(1,940)
Juvenile Detention	71,210	86,743	(15,533)
Genealogy Society	8,000	8,000	-
Emergency 911	51,751	62,502	(10,751)
Other	10,826	-	10,826
Capital Lease Payments on Jail			
Certificate of Participation	615,790	614,290	1,500
GIS Programming	28,338	29,078	(740)
Employee Benefits	93,997	100,000	(6,003)
Jail Sales Tax Reserve	-	644,640	(644,640)
Operating Transfers	1,733	-	1,733
In Lieu of Taxes	-	50,000	(50,000)
Adjustment for Qualifying Budget Credits	-	50,833	(50,833)
Total Expenditures	\$ 4,776,688	\$ 5,763,587	\$ (986,899)
Receipts Over (Under) Expenditures	\$ (921,029)		
Unencumbered Cash, Beginning	1,880,921		
Unencumbered Cash, Ending	\$ 959,892		

CHEROKEE COUNTY, KANSAS
Road and Bridge
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 2,077,384	\$ 2,042,807	\$ 34,577
Delinquent Tax	82,104	7,500	74,604
Motor Vehicle Tax	311,413	232,130	79,283
16/20 M. Vehicle Tax	18,545	12,514	6,031
Recreational Vehicle Tax	3,622	2,756	866
Special Highway Aid and County Equalization	808,400	798,582	9,818
Interest and Other	5,397	-	5,397
Total Receipts	<u>\$ 3,306,865</u>	<u>\$ 3,096,289</u>	<u>\$ 210,576</u>
Expenditures			
Public works	<u>\$ 3,772,089</u>	<u>\$ 3,650,000</u>	<u>\$ 122,089</u>
Receipts Over (Under) Expenditures	\$ (465,224)		
Unencumbered Cash, Beginning	<u>455,624</u>		
Unencumbered Cash, Ending	<u>\$ (9,600)</u>		

CHEROKEE COUNTY, KANSAS
Appriaisal Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 277,994	\$ 273,326	\$ 4,668
Delinquent Tax	10,789	1,000	9,789
Motor Vehicle Tax	38,469	30,375	8,094
16/20 M. Vehicle Tax	1,847	1,637	210
Recreational Vehicle Tax	454	361	93
Fees	701	3,000	(2,299)
Total Receipts	<u>\$ 330,254</u>	<u>\$ 309,699</u>	<u>\$ 20,555</u>
Expenditures			
General Government	<u>\$ 335,817</u>	<u>\$ 330,000</u>	<u>\$ 5,817</u>
Receipts Over (Under) Expenditures	\$ (5,563)		
Unencumbered Cash, Beginning	<u>41,497</u>		
Unencumbered Cash, Ending	<u>\$ 35,934</u>		

CHEROKEE COUNTY, KANSAS
Health Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 168,678	\$ 165,878	\$ 2,800
Delinquent Tax	6,802	595	6,207
Motor Vehicle Tax	24,742	19,657	5,085
16/20 M. Vehicle Tax	1,157	1,060	97
Recreational Vehicle Tax	292	233	59
Charges for Services	45,929	145,000	(99,071)
Grants	455,480	-	455,480
Total Receipts	<u>\$ 703,080</u>	<u>\$ 332,423</u>	<u>\$ 370,657</u>
Expenditures			
Health	\$ 690,836	\$ 999,600	\$ (308,764)
Adjustment for Qualifying Budget Credits	-	455,480	(455,480)
Total Expenditures	<u>\$ 690,836</u>	<u>\$ 1,455,080</u>	<u>\$ (764,244)</u>
Receipts Over (Under) Expenditures	\$ 12,244		
Unencumbered Cash, Beginning	<u>1,160,074</u>		
Unencumbered Cash, Ending	<u>\$ 1,172,318</u>		

Schedule 2-E

CHEROKEE COUNTY, KANSAS
 Election Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 131,773	\$ 129,569	\$ 2,204
Delinquent Tax	2,898	550	2,348
Motor Vehicle Tax	4,371	358	4,013
16/20 M. Vehicle Tax	1,023	19	1,004
Recreational Vehicle Tax	40	4	36
Other	914	500	414
Total Receipts	<u>\$ 141,019</u>	<u>\$ 131,000</u>	<u>\$ 10,019</u>
Expenditures			
General Government	<u>\$ 154,952</u>	<u>\$ 156,950</u>	<u>\$ (1,998)</u>
Total Expenditures	<u>\$ 154,952</u>	<u>\$ 156,950</u>	<u>\$ (1,998)</u>
Receipts Over (Under) Expenditures	\$ (13,933)		
Unencumbered Cash, Beginning	<u>36,414</u>		
Unencumbered Cash, Ending	<u>\$ 22,481</u>		

CHEROKEE COUNTY, KANSAS
Noxious Weed Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 22,940	\$ 22,524	\$ 416
Delinquent Tax	1,412	100	1,312
Motor Vehicle Tax	4,708	4,073	635
16/20 M. Vehicle Tax	136	220	(84)
Recreational Vehicle Tax	57	48	9
Reimbursed Expenses	19,691	-	19,691
Total Receipts	<u>\$ 48,944</u>	<u>\$ 26,965</u>	<u>\$ 21,979</u>
Expenditures			
Public Works	\$ 83,878	\$ 66,333	\$ 17,545
Adjustment for Qualifying Budget Credits	-	19,694	(19,694)
Total Expenditures	<u>\$ 83,878</u>	<u>\$ 86,027</u>	<u>\$ (2,149)</u>
Receipts Over (Under) Expenditures	\$ (34,934)		
Unencumbered Cash, Beginning	<u>71,271</u>		
Unencumbered Cash, Ending	<u>\$ 36,337</u>		

CHEROKEE COUNTY, KANSAS
Extension Council Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 167,065	\$ 164,289	\$ 2,776
Delinquent Tax	6,919	650	6,269
Motor Vehicle Tax	24,897	19,294	5,603
16/20 M. Vehicle Tax	1,290	1,040	250
Recreational Vehicle Tax	292	229	63
	<u>\$ 200,463</u>	<u>\$ 185,502</u>	<u>\$ 14,961</u>
Total Receipts			
Expenditures			
Appropriations to Extension Council Treasurer	\$ 200,615	\$ 200,615	\$ -
Receipts Over (Under) Expenditures	\$ (152)		
Unencumbered Cash, Beginning	<u>18,529</u>		
Unencumbered Cash, Ending	<u>\$ 18,377</u>		

CHEROKEE COUNTY, KANSAS
Soil Conservation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 20,917	\$ 20,503	\$ 414
Delinquent Tax	871	80	791
Motor Vehicle Tax	3,112	2,399	713
16/20 M. Vehicle Tax	166	129	37
Recreational Vehicle Tax	36	28	8
	<u>\$ 25,102</u>	<u>\$ 23,139</u>	<u>\$ 1,963</u>
Total Receipts			
Expenditures			
Appropriation to Conservation District Treasurer	\$ 25,000	\$ 25,000	\$ -
Receipts Over (Under) Expenditures	\$ 102		
Unencumbered Cash, Beginning	<u>2,221</u>		
Unencumbered Cash, Ending	<u>\$ 2,323</u>		

Schedule 2-I

CHEROKEE COUNTY, KANSAS
Fair Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ -	\$ -	\$ -
Delinquent Tax	42	-	42
Motor Vehicle Tax	-	-	-
16/20 M. Vehicle Tax	-	-	-
Recreational Vehicle Tax	-	-	-
Total Receipts	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 42</u>
Expenditures			
Appropriation to Fair Treasurer	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ (287)</u>
Receipts Over (Under) Expenditures	\$ 42		
Unencumbered Cash, Beginning	<u>313</u>		
Unencumbered Cash, Ending	<u>\$ 355</u>		

CHEROKEE COUNTY, KANSAS
 Emergency Medical Services Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 474,469	\$ 466,597	\$ 7,872
Delinquent Tax	19,532	-	19,532
Motor Vehicle Tax	71,456	54,720	16,736
16/20 M. Vehicle Tax	3,877	2,950	927
Recreational Vehicle Tax	837	650	187
Other	2	-	2
Total Receipts	<u>\$ 570,173</u>	<u>\$ 524,917</u>	<u>\$ 45,256</u>
Expenditures			
Appropriation to Ambulance Districts	<u>\$ 571,584</u>	<u>\$ 571,584</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 571,584</u>	<u>\$ 571,584</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (1,411)		
Unencumbered Cash, Beginning	<u>90,677</u>		
Unencumbered Cash, Ending	<u>\$ 89,266</u>		

Schedule 2-K

CHEROKEE COUNTY, KANSAS
Elderly Services Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 9,583	\$ 9,431	\$ 152
Delinquent Tax	704	120	584
Motor Vehicle Tax	2,250	1,325	925
16/20 M. Vehicle Tax	229	71	158
Recreational Vehicle Tax	25	16	9
Total Receipts	<u>\$ 12,791</u>	<u>\$ 10,963</u>	<u>\$ 1,828</u>
Expenditures			
Elderly Programs	<u>\$ 18,407</u>	<u>\$ 30,000</u>	<u>\$ (11,593)</u>
Receipts Over (Under) Expenditures	\$ (5,616)		
Unencumbered Cash, Beginning	<u>30,781</u>		
Unencumbered Cash, Ending	<u>\$ 25,165</u>		

CHEROKEE COUNTY, KANSAS
Mental Health Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 92,843	\$ 91,354	\$ 1,489
Delinquent Tax	3,850	350	3,500
Motor Vehicle Tax	13,858	10,731	3,127
16/20 M. Vehicle Tax	719	579	140
Recreational Vehicle Tax	162	127	35
Total Receipts	<u>\$ 111,432</u>	<u>\$ 103,141</u>	<u>\$ 8,291</u>
Expenditures			
Public Health	<u>\$ 111,457</u>	<u>\$ 111,457</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (25)		
Unencumbered Cash, Beginning	<u>10,132</u>		
Unencumbered Cash, Ending	<u>\$ 10,107</u>		

CHEROKEE COUNTY, KANSAS
Mental Retardation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 92,707	\$ 91,153	\$ 1,554
Delinquent Tax	3,852	350	3,502
Motor Vehicle Tax	13,878	10,751	3,127
16/20 M. Vehicle Tax	720	580	140
Recreational Vehicle Tax	163	128	35
Total Receipts	<u>\$ 111,320</u>	<u>\$ 102,962</u>	<u>\$ 8,358</u>
Expenditures			
Public Health	<u>\$ 111,457</u>	<u>\$ 111,457</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (137)		
Unencumbered Cash, Beginning	<u>10,245</u>		
Unencumbered Cash, Ending	<u>\$ 10,108</u>		

CHEROKEE COUNTY, KANSAS
Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 2,634,478	\$ 2,590,506	\$ 43,972
Delinquent Tax	91,453	7,500	83,953
Motor Vehicle Tax	337,314	269,940	67,374
16/20 M. Vehicle Tax	15,253	14,552	701
Recreational Vehicle Tax	3,994	3,205	789
Reimbursements and Other	752,915	625,000	127,915
Total Receipts	<u>\$ 3,835,407</u>	<u>\$ 3,510,703</u>	<u>\$ 324,704</u>
Expenditures			
General Government	<u>\$ 3,460,737</u>	<u>\$ 3,517,387</u>	<u>\$ (56,650)</u>
Total Expenditures	<u>\$ 3,460,737</u>	<u>\$ 3,517,387</u>	<u>\$ (56,650)</u>
Receipts Over (Under) Expenditures	\$ 374,670		
Unencumbered Cash, Beginning	<u>493,892</u>		
Unencumbered Cash, Ending	<u>\$ 868,562</u>		

Schedule 2-O

CHEROKEE COUNTY, KANSAS
Out-District Tuition Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Delinquent Tax	<u>\$ 12</u>
Expenditures	
Education	<u>\$ -</u>
Total Expenditures	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 12
Unencumbered Cash, Beginning	<u> 1,964</u>
Unencumbered Cash, Ending	<u><u>\$ 1,976</u></u>

Schedule 2-P

CHEROKEE COUNTY, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Local Alcoholic Liquor Fund	\$ 2,826	\$ 3,839	\$ (1,013)
Expenditures			
Recreation	\$ 1,180	\$ 6,574	\$ (5,394)
Receipts Over (Under) Expenditures	\$ 1,646		
Unencumbered Cash, Beginning	(7,024)		
Unencumbered Cash, Ending	\$ (5,378)		

CHEROKEE COUNTY, KANSAS
Special Alcohol Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Local Alcoholic Liquor Fund	<u>\$ 8,167</u>	<u>\$ 11,518</u>	<u>\$ (3,351)</u>
Expenditures			
Public Health	<u>\$ 19,290</u>	<u>\$ 13,629</u>	<u>\$ 5,661</u>
Receipts Over (Under) Expenditures	\$ (11,123)		
Unencumbered Cash, Beginning	<u>11,123</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CHEROKEE COUNTY, KANSAS
Landfill Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Operating Transfers	\$ 1,733	\$ -	\$ 1,733
Expenditures			
Sanitation	\$ 10,769	\$ 4,420	\$ 6,349
Total Expenditures	\$ 10,769	\$ 4,420	\$ 6,349
Receipts Over (Under) Expenditures	\$ (9,036)		
Unencumbered Cash, Beginning	8,436		
Unencumbered Cash, Ending	\$ (600)		

CHEROKEE COUNTY, KANSAS
Tourism and Convention Promotion Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Transient Guest Tax	\$ 7,203	\$ 10,000	\$ (2,797)
Expenditures			
Tourism and Promotion	\$ 8,031	\$ 10,800	\$ (2,769)
Receipts Over (Under) Expenditures	\$ (828)		
Unencumbered Cash, Beginning	800		
Unencumbered Cash, Ending	\$ (28)		

Schedule 2-T

CHEROKEE COUNTY, KANSAS
Law Enforcement VIN Fee Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ 8,060</u>
Expenditures	
State of Kansas	<u>\$ 802</u>
Receipts Over (Under) Expenditures	\$ 7,258
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 7,258</u></u>

Schedule 2-U

CHEROKEE COUNTY, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Interest	<u>\$ 128</u>
Expenditures	
Equipment	\$ 56,995
Operating Transfers	<u>460,000</u>
Total Expenditures	<u>\$ 516,995</u>
Receipts Over (Under) Expenditures	\$ (516,867)
Unencumbered Cash, Beginning	<u>1,291,433</u>
Unencumbered Cash, Ending	<u><u>\$ 774,566</u></u>

CHEROKEE COUNTY, KANSAS
Emergency Telephone Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Telephone Tax	\$ 116,283	\$ 150,000	\$ (33,717)
Interest	561	4,000	(3,439)
Total Cash Receipts	<u>\$ 116,844</u>	<u>\$ 154,000</u>	<u>\$ (37,156)</u>
Expenditures			
Public Safety	<u>\$ 88,105</u>	<u>\$ 358,535</u>	<u>\$ (270,430)</u>
Receipts Over (Under) Expenditures	\$ 28,739		
Unencumbered Cash, Beginning	<u>329,323</u>		
Unencumbered Cash, Ending	<u>\$ 358,062</u>		

CHEROKEE COUNTY, KANSAS
County Attorney Special Law Enforcement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Public Safety	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ (629)</u>
Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash, Beginning	<u>629</u>		
Unencumbered Cash, Ending	<u>\$ 629</u>		

Schedule 2-X

CHEROKEE COUNTY, KANSAS
Technology Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ 20,350</u>
Expenditures	
General Government	<u>\$ 14,871</u>
Receipts Over (Under) Expenditures	\$ 5,479
Unencumbered Cash, Beginning	<u>25,494</u>
Unencumbered Cash, Ending	<u><u>\$ 30,973</u></u>

Schedule 2-Y

CHEROKEE COUNTY, KANSAS
State Line Road Project Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Interest	<u>\$ -</u>
Expenditures	
Public Works	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>261</u>
Unencumbered Cash, Ending	<u><u>\$ 261</u></u>

Schedule 2-Z

CHEROKEE COUNTY, KANSAS
Drug Tax Stamp Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Drug Control Payments	<u>\$ 321</u>
Expenditures	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ 321</u>
Unencumbered Cash, Beginning	<u> 1,253</u>
Unencumbered Cash, Ending	<u><u>\$ 1,574</u></u>

Schedule 2-AA

CHEROKEE COUNTY, KANSAS
Special Liability Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Taxes and Shared Receipts:	
Delinquent Tax	<u>\$ 48</u>
Total Receipts	<u>\$ 48</u>
Expenditures	
General Government	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ 48</u>
Unencumbered Cash, Beginning	<u>16,884</u>
Unencumbered Cash, Ending	<u><u>\$ 16,932</u></u>

Schedule 2-BB

CHEROKEE COUNTY, KANSAS
County Building Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Taxes and Shared Receipts:	
Delinquent Tax	<u>\$ 16</u>
Total Receipts	<u>\$ 16</u>
Expenditures	
Public Works	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 16
Unencumbered Cash, Beginning	<u>932</u>
Unencumbered Cash, Ending	<u><u>\$ 948</u></u>

Schedule 2-CC

CHEROKEE COUNTY, KANSAS
Special Bridge Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Taxes and Shared Receipts:	
Ad Valorem Property Tax	\$ 134,405
Delinquent Tax	5,519
Motor Vehicle Tax	19,965
16/20 M. Vehicle Tax	1,085
Recreational Vehicle Tax	234
Other	<u>1</u>
Total Receipts	<u>\$ 161,209</u>
Expenditures	
Public Works	<u>\$ 75,755</u>
Receipts Over (Under) Expenditures	\$ 85,454
Unencumbered Cash, Beginning	<u>346,413</u>
Unencumbered Cash, Ending	<u><u>\$ 431,867</u></u>

Schedule 2-DD

CHEROKEE COUNTY, KANSAS
Special Highway Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Operating Transfers	<u>\$ -</u>
Expenditures	
Public Works	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>1,264</u>
Unencumbered Cash, Ending	<u><u>\$ 1,264</u></u>

Schedule 2-EE

CHEROKEE COUNTY, KANSAS
Special Road Machinery Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Operating Transfers	<u>\$ -</u>
Expenditures	
Public Works	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>100</u>
Unencumbered Cash, Ending	<u><u>\$ 100</u></u>

Schedule 2-FF

CHEROKEE COUNTY, KANSAS
Law Library Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ 11,180</u>
Expenditures	
Public Safety	<u>\$ 8,845</u>
Receipts Over (Under) Expenditures	\$ 2,335
Unencumbered Cash, Beginning	<u>34,486</u>
Unencumbered Cash, Ending	<u>\$ 36,821</u>

Schedule 2-GG

CHEROKEE COUNTY, KANSAS
Electronic Monitoring Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Federal/State Grants	<u>\$ -</u>
Expenditures	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>910</u>
Unencumbered Cash, Ending	<u><u>\$ 910</u></u>

Schedule 2-HH

CHEROKEE COUNTY, KANSAS
Bad Check Fee Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ -</u>
Expenditures	
General Government	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>89</u>
Unencumbered Cash, Ending	<u><u>\$ 89</u></u>

Schedule 2-II

CHEROKEE COUNTY, KANSAS
Drug Free Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Other	<u>\$ -</u>
Expenditures	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>4,539</u>
Unencumbered Cash, Ending	<u><u>\$ 4,539</u></u>

CHEROKEE COUNTY, KANSAS
Prosecuting Attorney Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Fees	\$ 1,839	\$ 2,000	\$ (161)
Expenditures			
Public Safety	\$ 1,317	\$ 4,223	\$ (2,906)
Receipts Over (Under) Expenditures	\$ 522		
Unencumbered Cash, Beginning	3,124		
Unencumbered Cash, Ending	\$ 3,646		

Schedule 2-KK

CHEROKEE COUNTY, KANSAS
Severe Weather Equipment Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Charges for Services	<u>\$ -</u>
Expenditures	
Equipment	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>22</u>
Unencumbered Cash, Ending	<u><u>\$ 22</u></u>

Schedule 2-LL

CHEROKEE COUNTY, KANSAS
Spider Program Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ 6,085</u>
Expenditures	
Public Safety	<u>\$ 6,027</u>
Receipts Over (Under) Expenditures	\$ 58
Unencumbered Cash, Beginning	<u>8,858</u>
Unencumbered Cash, Ending	<u><u>\$ 8,916</u></u>

Schedule 2-MM

CHEROKEE COUNTY, KANSAS
Attorney Application Fee Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Fees	<u>\$ 7,435</u>
Expenditures	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ 7,435</u>
Unencumbered Cash, Beginning	<u>2,320</u>
Unencumbered Cash, Ending	<u><u>\$ 9,755</u></u>

Schedule 2-00

CHEROKEE COUNTY, KANSAS
EMPG Emergency Preparedness Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Grant	<u>\$ -</u>
Expenditures	
General Government	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>500</u>
Unencumbered Cash, Ending	<u><u>\$ 500</u></u>

Schedule 2-PP

CHEROKEE COUNTY, KANSAS
Emergency Planning Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Grant	<u>\$ -</u>
Expenditures	
General Government	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>201</u>
Unencumbered Cash, Ending	<u><u>\$ 201</u></u>

Schedule 2-RR

CHEROKEE COUNTY, KANSAS
COPS Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Grant	<u>\$ 15,108</u>
Total Receipts	<u>\$ 15,108</u>
Expenditures	
Capital Outlay	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 15,108
Unencumbered Cash, Beginning	<u>9,897</u>
Unencumbered Cash, Ending	<u><u>\$ 25,005</u></u>

Schedule 2-SS

CHEROKEE COUNTY, KANSAS
NSP Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>
Receipts	
Grant	<u>\$ 1,959</u>
Expenditures	
Payment to KDOC	<u>\$ 1,959</u>
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	<u>1,895</u>
Unencumbered Cash, Ending	<u><u>\$ 1,895</u></u>

CHEROKEE COUNTY, KANSAS
No-Fund Warrant Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Delinquent Tax	<u>\$ 903</u>	<u>\$ 2,400</u>	<u>\$ (1,497)</u>
Total Receipts	<u>\$ 903</u>	<u>\$ 2,400</u>	<u>\$ (1,497)</u>
Expenditures			
Operating Transfers	<u>\$ 903</u>	<u>\$ 12,876</u>	<u>\$ (11,973)</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CHEROKEE COUNTY, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance -- Over (Under)</u>
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Operating Transfers	<u>\$ -</u>	<u>\$ 1,341</u>	<u>\$ (1,341)</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>		
Unencumbered Cash, Beginning	<u>1,341</u>		
Unencumbered Cash, Ending	<u>\$ 1,341</u>		

CHEROKEE COUNTY, KANSAS
Sewer District No. 1 Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	Actual	Budget	Variance - Over (Under)
Receipts			
Charges for Services	\$ 92,155	\$ 120,000	\$ (27,845)
Taxes withheld from taxing entities	11,347	-	11,347
Total Receipts	<u>\$ 103,502</u>	<u>\$ 120,000</u>	<u>\$ (16,498)</u>
Expenditures			
Public Works	<u>\$ 130,610</u>	<u>\$ 140,248</u>	<u>\$ (9,638)</u>
Total Expenditures	<u>\$ 130,610</u>	<u>\$ 140,248</u>	<u>\$ (9,638)</u>
Receipts Over (Under) Expenditures	\$ (27,108)		
Unencumbered Cash, Beginning	<u>103,167</u>		
Unencumbered Cash, Ending	<u>\$ 76,059</u>		

CHEROKEE COUNTY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2014

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Kansas Educational Buildings	\$ -	\$ 161,815	\$ 161,815	\$ -
Kansas Institutions Buildings	-	80,908	80,908	-
Correctional Institutions	(118)	-	-	(118)
State General Fund	-	18	18	-
Game Licenses	2,690	11,270	11,552	2,408
Temporary Boat Permits	(489)	7,277	7,277	(489)
Cereal Malt Beverage Stamps	350	450	400	400
Diversion Supervision Fees	5	-	-	5
Rural Directory	15	-	-	15
Southeast Kansas Library	-	170,331	170,331	-
Unclaimed Monies	11,902	-	-	11,902
Unclaimed Estates	157,756	-	-	157,756
Payroll Tax Withholdings	540	517,833	517,833	540
Sheltered Workshop	15	1	-	16
Local Alcoholic Liquor	-	18,642	13,818	4,824
Information Network of Kansas	10,723	5,494	-	16,217
Bankruptcy	1,865	-	-	1,865
Rural Water District	246	-	-	246
Townships	-	189,773	189,773	-
Cities	2,549	2,830,151	2,830,091	2,609
Schools	-	7,233,115	7,233,115	-
Current Tax	6,718,698	15,210,083	15,688,222	6,240,559
Holding	-	472	68	404
Long and Short	(227)	23	81	(285)
Partial Payments	1,327	-	65	1,262
Redemption Tax	123,264	552,187	630,495	44,956
Delinquent Personal Tax	15,274	44,391	55,221	4,444
Judicial Delinquent Personal Tax	6,302	5,052	-	11,354
Overpayment	395	7,827	7,827	395
Protest Tax	42,113	113,360	8,811	146,662
Advance Tax	-	849	-	849
Heritage Trust	844	5,044	4,462	1,426
Water Craft	-	18,919	490	18,429
Vehicle Tax	(17,325)	2,014,658	2,107,518	(110,185)
16/20 M Vehicle Tax	40,668	110,779	105,641	45,806

CHEROKEE COUNTY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2014

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
In Lieu of Tax	550	933	-	1,483
Vehicle Excise Tax	43	267	103	207
Recreational Vehicle Tax	1,933	-	857	1,076
District Court	82,922	548,340	447,932	183,330
District Court Cases	16,114	13	-	16,127
Drug Forfeiture Fund	1,080	-	-	1,080
Sheriff Inmate	7,917	145,115	143,261	9,771
Special Auto	845,125	5,174,163	5,241,831	777,457
Total	<u>\$ 8,075,066</u>	<u>\$ 35,179,553</u>	<u>\$ 35,659,816</u>	<u>\$ 7,594,803</u>



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EUGENE M. MENSE III, C.P.A.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit Of
Financial Statements Performed In Accordance With
*Government Auditing Standards***

INDEPENDENT AUDITOR'S REPORT

To the County Commission
of Cherokee County, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash of Cherokee County, Kansas as of and for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated August 31, 2015. The financial statement is prepared by Cherokee County, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Cherokee County, Kansas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cherokee County, Kansas's internal control. Accordingly, we do not express an opinion on the effectiveness of Cherokee County, Kansas's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2014-1, 2014-4 and 2014-6.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2014-2, 2014-3, 2014-5 and 2014-7.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cherokee County, Kansas's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cherokee County, Kansas's Response to Findings

Cherokee County, Kansas's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Cherokee County, Kansas's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Cherokee County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County, Kansas's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
August 31, 2015



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**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by OMB Circular A-133**

INDEPENDENT AUDITOR'S REPORT

To the County Commission
of Cherokee County, Kansas

Report on Compliance for Each Major Federal Program

We have audited Cherokee County, Kansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cherokee County, Kansas's major federal programs for the year ended December 31, 2014. Cherokee County, Kansas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cherokee County, Kansas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cherokee County, Kansas's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cherokee County, Kansas's compliance.

Opinion on Each Major Federal Program

In our opinion, Cherokee County, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.


Report on Internal Control Over Compliance

Management of Cherokee County, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cherokee County, Kansas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cherokee County, Kansas's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
August 31, 2015

CHEROKEE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2014

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<i>CDBG State Administered CDBG Cluster</i>			
Department of Housing and Urban Development Pass-Through Programs From Kansas Department of Commerce Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	09-NSP-002	\$ 1,959
<i>Total Department of Housing and Urban Development Pass-Through Programs</i>			\$ 1,959
<i>Total CDBG-State Administered CDBG Cluster</i>			\$ 1,959
<i>Highway Safety Cluster</i>			
Department of Transportation Pass-Through Programs From Kansas Department of Transportation State and Community Highway Safety	20.600	OP-1152-15	\$ 561
State and Community Highway Safety	20.600	OP-1152-14	1,983
<i>Total Department of Transportation Pass-Through Programs</i>			\$ 2,544
<i>Total Highway Safety Cluster</i>			\$ 2,544
<i>Other Programs</i>			
Executive Office of the President Pass-Through Programs From Kansas Bureau of Investigation High Intensity Drug Trafficking Areas Program	95.001		\$ 30,488
<i>Total Executive Office of the President Pass-Through Programs</i>			\$ 30,488
<i>Total Executive Office of the President</i>			\$ 30,488

The accompanying notes are an integral part of this schedule.

CHEROKEE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards (Continued)
For the year ended December 31, 2014

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
Department of Homeland Security Pass-Through Programs From Kansas Adjutant General Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4150-PA-KS	\$ 54,641
Hazard Mitigation Grant	97.042		20,236
<i>Total Department of Homeland Security Pass-Through Programs</i>			<u>\$ 74,877</u>
<i>Total Department of Homeland Security</i>			<u>\$ 74,877</u>
Department of Justice Direct Programs Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0207	\$ 28,671
<i>Total Department of Justice Direct Program</i>			<u>\$ 28,671</u>
<i>Total Department of Justice</i>			<u>\$ 28,671</u>
Department of Health and Human Services Pass-Through Programs From Kansas Department of Health and Environment Maternal and Child Health Services Block Grant to the States Public Health Emergency Preparedness Immunization Grants	93.994 93.069 93.268		\$ 19,601 17,548 21,286
<i>Total Department of Health and Human Services Pass-Through Programs</i>			<u>\$ 58,435</u>
<i>Total Department of Health and Human Services</i>			<u>\$ 58,435</u>
Department of Agriculture Pass-Through Programs From Kansas Department of Health and Environment Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		\$ 321,634
<i>Total Department of Agriculture Pass-Through Programs</i>			<u>\$ 321,634</u>
<i>Total Department of Agriculture</i>			<u>\$ - 321,634</u>
<i>Total Other Programs</i>			<u>\$ 514,105</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 518,608</u></u>

The accompanying notes are an integral part of this schedule.

CHEROKEE COUNTY, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures federal awards (the "Schedule") includes the federal grant activity of Cherokee County, Kansas under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Cherokee County, Kansas, it is not intended to and does not present the financial position, changes in net assets or cash flows of Cherokee County, Kansas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* to meet the requirements of the State of Kansas. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified opinion on financial statements prepared on the regulatory basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* to meet the requirements of the State of Kansas.

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualifies as a low-risk auditee? yes X no

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section II - Financial Statement Findings

2014-001

Segregation of Duties

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records.

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The Board of County Commissioners received recommendations from a consultant retained to make recommendations and is in the process of implementing several of the recommendations and monitoring the results.

2014-002

Accounting Manual

Criteria: The County should prepare an accounting manual that would inform all employees of desired operating procedures and policies.

Condition: Cherokee County does not have an accounting manual.

Effect: Employee duties are not adequately segregated which may lead to errors or misappropriation of assets.

Cause: County employees do not have the time to internally develop a manual. It is not economically feasible at the present time to contract with an outside entity to prepare an accounting manual.

Recommendation: The County should develop an accounting manual as time and expenses allow.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section II - Financial Statement Findings (Continued)

Response: The Board of County Commissions is continuing to study internal controls and duties of the departments and to encourage the elected officials and department heads to develop job descriptions and manuals for employees.

2014-003 Accounts Payable/Encumbrances

Criteria: The County should maintain a record of accounts payable and encumbrances for each fund.

Condition: No record of accounts payable or encumbrances is maintained.

Effect: Over expenditure of the budget and violation of state statutes occur.

Cause: Current accounting program does not provide for the recording of accounts payable/encumbrances.

Recommendation: When software is upgraded, the County should purchase software to record accounts payable/encumbrances.

Response: Management will inquire about such a program and will evaluate feasibility.

2014-004 Fixed Assets

Criteria: The County should maintain a record of fixed assets.

Condition: No record of Fixed Assets owned by the County exists.

Effect: County may lose control of item(s) and this could result in the loss or misappropriation of assets.

Cause: County employees do not have sufficient time to develop and maintain such records nor is it feasible to develop such records at this time.

Recommendation: The County should prepare and develop fixed asset accounting records.

Response: The Board will continue to monitor the recommendations and implement procedures in the future.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section II - Financial Statement Findings (Continued)

2014-005

Internal Control Over Federal Awards

Criteria: Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" states that it is the auditee responsibility to identify all federal awards received and expended and the programs under which they were received. This shall include the C.F.D.A. title and number, award year and number, federal agency name and name of the pass-through entity.

Condition: No centralized record of Federal Financial Awards exists.

Effect: Risk that federal awards and expenditures will go undetected and not be recorded in County's records.

Cause: Lack of appropriate written procedures.

Recommendation: The County Commission establish written procedures. The procedures should include a requirement that all grant applications be brought before the County Commission at the weekly meeting and the Commission formally approve or reject the application. If approved and the County is successful in obtaining the grant, the Commission should formally accept the grant at the Commission's weekly meeting. At the time of acceptance, the C.F.D.A. title and number should be obtained and recorded in the minutes. Copies of all grant agreements should then be copied and filed in a central location. In addition, responsibility should be assigned to one employee to oversee that the necessary records and information are retained and filed.

Response: The recommendations will be reviewed and monitored.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section II - Financial Statement Findings (Continued)

<u>2014-006</u>	<u>Reconciliation of Bank Accounts</u>
Criteria:	Bank accounts should be reconciled monthly.
Condition:	The County Treasurer's account and Inmate accounts' maintained by the County Sheriff, are not being reconciled.
Effect:	Condition results in errors going undetected and possible misstatement or misappropriation of assets.
Cause:	Unknown
Recommendation:	Bank accounts should be reconciled to the ledger and subsidiary journals and accounts monthly.
Response:	The Board of County Commissioners received a report from an independent consultant and has approved a resolution to implement the recommendations. The Board is in the process of implementing recommendations and procedures and monitoring the results.
<u>2014-007</u>	<u>Design of internal control system for preparation of the basic financial statements</u>
Criteria:	A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide, includes having accounting professionals as part of the system to perform that function.
Condition:	The County has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the County Commission. However, the County does not have the resources to have accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide as part of their internal control system.
Effect:	The County employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section II - Financial Statement Findings (Continued)

Recommendation:	We recognize that the County does not have the resources to have an accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with the <i>Kansas Municipal Accounting and Audit Guide</i> . We recommend that management continue to prepare internal financial statements and accept responsibility for the annual financial report. Professional standards require we bring this to your attention.
Response:	County personnel will take responsibility for the financial statement, will review proposed adjustments and draft financial statement.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2014

Section III – Federal Awards Findings and Questioned Costs

No findings related to Federal Awards reported.

CHEROKEE COUNTY, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2014

Item	Program Finding	Resolution
2013-001	Segregation of duties	Condition still exists
2013-002	Accounting Manual	Condition still exists
2013-003	Accounts Payable/Encumbrances	Condition still exists
2013-004	Fixed Assets	Condition still exists
2013-005	Internal Control over Federal Awards	Condition still exists
2013-006	Reconciliation of Bank Accounts	The Cherokee County Specail Motor Vehicle account was reconciled monthly during 2014. Other conditions still exist.
2013-007	Preparation of Financial Statements	Condition still exists

CHEROKEE COUNTY, KANSAS
Corrective Action Plan
For the year ended December 31, 2014

Finding 2014-001, 2014-002, 2014-004, 2014-005 and 2014-006

The Board of County Commissioners have received a report from a consultant retained to study internal control procedures and make recommendations. The Commissioners accepted the report and approved a resolution to implement many of the recommendations and are currently in the process of implementation and monitoring the changes.

Finding 2014-003

Management will inquire about such program modifications or programs to purchase and will evaluate the feasibility of implementation.

Finding 2014-007

The County does not have personnel with the expertise to prepare the financial statements, the schedule of federal financial assistance expended and the related notes to the financial statements in accordance with professional standards. The County personnel will review the statements and related notes and take responsibility for them.